



## FACT SHEET

### Savings Deposit Program – Operation Iraqi Freedom (OIF)

**PURPOSE:** To provide information on the Savings Deposit Program (SDP) which authorizes eligible members to make deposits in an amount up to their total unallotted (net) current pay and allowances for savings purposes.

**FACTS:** Service member must be receiving Hostile Fire/Imminent Danger Pay (HFP/IDP) and serving in a designated combat zone or in direct support of a combat zone for more than 30 consecutive days or for at least one day for each of three consecutive months.

a. **Effective date:** Starting 1 February 2003, members serving in Operations Enduring Freedom/Iraqi Freedom to include the total land area of the Arabian Peninsula, including the Persian Gulf (as defined by the Arabian Peninsula, the Strait of Hormuz, and that part of the Gulf of Oman which lies north of 25 degrees north latitude and 057-30 degrees east longitude), Bahrain, Iraq, Iran, Israel, Jordan, Kyrgyzstan, Kuwait, Lebanon, Oman, Pakistan, Qatar, Saudi Arabia, Tajikistan, Turkey, United Arab Emirates, Uzbekistan, and Yemen are eligible to participate in the Savings Deposit Program.

b. **Making a Deposit:** Service members may begin making deposits on their 31<sup>st</sup> consecutive day in the designated area with their servicing finance battalion. Eligibility to make deposits terminates on the date of departure from theater. Active duty members may make deposits by cash, personal check, traveler's check, money order or allotment. Reserve component members may make deposits by cash, personal check or money order only. Standing policies regarding personal check acceptance and regulatory restrictions regarding number and type of allotments apply.

All deposit amounts, regardless of depository method, must be made in \$5 increments (e.g. \$50, \$65, \$1005, not \$1001.67) and cannot exceed a service member's monthly unallotted current pay and allowances (e.g. monthly net pay after all deductions and allotments; includes special pays and reenlistment bonus). More than one deposit may be made in a month, but the cumulative total of the deposits cannot exceed the month's unallotted pay and allowances.

An agent (person who has a power of attorney on your behalf) may make a deposit using a special power of attorney. The special power of attorney must reflect the action the agent is attempting (e.g. if starting a SDP allotment must give authority to start, stop or change allotments; if depositing cash, traveler's check or money order must give authority to receive Treasury checks and/or make deposits). Agents may not deposit personal checks on behalf of a service member.

(1) When a service member makes a deposit by personal check, traveler's check, cash or money order, the servicing finance battalion will record the deposit on a DD Form 1131, Cash Collection Voucher. The Cash Collection Voucher will clearly state the

service member's name, SSN, unit, date of deposit, status (active component or reserve component), applicable accounting classification (21X6010.0000 19 S12120), and method of payment (e.g. cash personal check #233, travelers check, money order).

(2) When a member makes a deposit by allotment, the member will complete a DD Form 2558, Authorization to Start, Stop or Change an Allotment, and submit it either directly to their servicing finance battalion or through their unit personnel administration center (PAC). In Block 17, the service member will write 9999955. In block 16, the service member will write "S-SAVINGS".

**c. Accrual of Interest:** Deposited funds will accrue interest at 10% per annum, compounded quarterly, based on calendar year. Interest only accrues on amounts up to \$10,000 (principal and accrued interest combined). Deposits made on a cash collection voucher on or before the 10<sup>th</sup> of the month accrue interest from the 1<sup>st</sup> of that month. Deposits made after the 10<sup>th</sup> of the month accrue interest from the first day of the following month.

Eligibility for SDP stops on the day of departure; however, interest will continue to accrue up to 90 days after redeployment. If the service member requests withdrawal of funds prior to the 90<sup>th</sup> day, interest stops on date of request. (NOTE: If the 90<sup>th</sup> day falls on any day other than the last day of a month, interest will accrue through the last day of the preceding month.) Since the IRS considers SDP interest unearned income the interest is taxable even though the soldier is located in a combat zone tax exempt (CZTE) area

Compute interest at the rate of 10 percent per annum, compounded quarterly, according to calendar quarter. Compute quarterly interest on the average quarterly balance on deposit. Ten percent is compounded quarterly on amounts less than \$10,000. Once \$10,000 is on deposit, simple interest will be computed on the \$10,000. No interest is paid on amounts exceeding \$10,000, except on amounts in the case of a member who is in a missing status.

Compute interest at the rate of:

- 1 Month-1/12 of 10 percent or .00833
- 2 Months-2/12 of 10 percent or .01667
- 3 Months-(Full Quarter)-.025

**d. Making Withdrawals.** Deposits may be discontinued at any time. Generally, withdrawals may only be made upon termination of eligibility for the program. Withdrawals of this type must be for the entire sum of the deposit account.

If a service member's account contains over \$10,000 the service member may make quarterly requests to withdraw the balance that exceeds \$10,000. The \$10,000 remains in the account until the service member's eligibility terminates and the service member withdraws the remaining funds in entirety. Service members may make emergency withdrawal requests of full or partial amounts before eligibility termination. Emergency requests must be for the health and welfare of a member or his dependent and must be

substantiated by a written request from the member's unit commander.

To receive funds, mail or fax a written request to the address below. Include the following: name, social security number, branch of service, component (e.g. active or reserve), start and stop date of tour in eligible area, and amount requested. Active duty members will automatically receive their payment via electronic funds transfer (EFT) to the same account as their normal monthly pay. Reservists and separated members requesting EFTs must include the bank account number, type of account (checking or savings), and the bank's routing transit number or a voided check or deposit slip in their request. Reservists and separated members requesting payment via check must provide a current address.

DFAS- Cleveland Center (DFAS-CL)	FAX Commercial: 216-522- 6924
ATTN: Code FMAA	DSN: 580-6924
1240 East 9 <sup>th</sup> Street	
Cleveland, OH 44199-2055.	

Questions regarding SDP withdrawal requests should be directed to:  
Toll Free (stateside only) 1-800-624-7368  
COMM 216/522-6545  
DSN 580-6545

For further information about the program, contact your servicing finance team.